HOUSE BILL No. 1070

DIGEST OF INTRODUCED BILL

Citations Affected: IC 2-3.5-5.

Synopsis: Legislators' defined contribution plan. Allows a participant in the legislators' defined contribution plan (plan) who attains, while serving in the general assembly, the normal retirement age of at least 62 years of age to elect, after December 31, 2008, to begin making withdrawals from the plan. Requires a participant who elects to begin making withdrawals from the plan and the state to continue making contributions to the plan as long as the participant serves in the general assembly.

Effective: January 1, 2009.

Buell

January 8, 2008, read first time and referred to Committee on Rules and Legislative Procedures.

Introduced

Second Regular Session 115th General Assembly (2008)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type.~~

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~*this style type*~~ reconciles conflicts between statutes enacted by the 2007 Regular Session of the General Assembly.

HOUSE BILL No. 1070

A BILL FOR AN ACT to amend the Indiana Code concerning the general assembly.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 2-3.5-5-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 4. **(a)** Each participant shall make contributions to the defined contribution fund of five percent (5%) of each payment of salary received for services after June 30, 1989. Contributions shall be deducted from the salary of each participant by the auditor of state. Contributions shall be credited to the fund on the June 30 following their deduction.

(b) A participant who, while serving as a member of the general assembly, attains normal retirement age and elects under section 6(a)(2) of this chapter to begin withdrawals from the defined contribution fund shall continue to make contributions to the defined contribution fund under subsection (a) until the participant terminates service as a member of the general assembly.

SECTION 2. IC 2-3.5-5-5.5, AS ADDED BY P.L.43-2007, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 5.5. (a) This section applies to contributions to the defined contribution fund made by the state after December 31, 2008.

(b) This subsection applies after December 31, 2008. Notwithstanding IC 2-3.5-2-10, as used in this section, "salary" means the total of the following amounts paid to a participant by the state for performing legislative services in the year in which the amounts are paid, determined without regard to any salary reduction agreement established under Section 125 or Section 457 of the Internal Revenue Code:

(1) Salary.

(2) Business per diem allowance and allowances paid in lieu of the submission of claims for reimbursement (but excluding any allowances paid for mileage).

(3) Allowances paid to officers of the house of representatives and the senate.

(c) This subsection applies after December 31, 2008. The state shall make a contribution to the defined contribution fund on behalf of each participant on June 30 of each year. The amount of the contribution is determined by multiplying the participant's salary for that year by a percentage determined for that year by the PERF board under subsection (d).

(d) This subsection applies after December 31, 2008. The PERF board shall use the following rates in determining the percentage described in subsection (c):

(1) The rate of the state's normal contribution for its employees to PERF, as determined under IC 5-10.2-2-11.

(2) The rate at which the state makes contributions to annuity savings accounts on behalf of state employees who are members of PERF, as specified in IC 5-10.2-3-2 and IC 5-10.3-7-9.

(e) This subsection applies after December 31, 2008. The budget agency shall confirm the percentage determined by the PERF board. The percentage confirmed by the budget agency may not exceed the total contribution rate paid that year by the state to PERF for state employees.

(f) This subsection applies after December 31, 2008, to a participant who, while serving as a member of the general assembly, attains normal retirement age and elects under section 6(a)(2) of this chapter to begin withdrawals from the defined contribution fund. The state shall continue to make contributions on behalf of the participant to the defined contribution fund under subsection (c) until the participant terminates service as a member of the general assembly.

SECTION 3. IC 2-3.5-5-6 IS AMENDED TO READ AS

FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 6. (a) A participant who:

(1) terminates service as a member of the general assembly is entitled to withdraw; **or**

(2) while serving in the general assembly, attains the normal retirement age of at least sixty-two (62) years of age may elect to begin withdrawal of;

both the participant's employee contribution account and employer contribution account from the defined contribution fund. ~~The~~ **A** withdrawal shall be made not later than the required beginning date under the Internal Revenue Code. The amount available for the withdrawal shall be the fair market value of the participant's accounts on the last day of the quarter preceding the date of withdrawal plus employee contributions deducted and employer contributions made since the last day of the quarter preceding the date of withdrawal.

(b) **For a participant who terminates service as a member of the general assembly,** the withdrawal amount shall be paid in a lump sum, a partial lump sum, a monthly annuity as purchased by the PERF board with the remaining amount, or a series of monthly installment payments over sixty (60), one hundred twenty (120), or one hundred eighty (180) months, as elected by the participant.

(c) For a participant who attains normal retirement age and elects under subsection (a)(2) to begin withdrawals from the defined contribution fund, the withdrawal amount while the participant is in service as a member of the general assembly shall be paid in a lump sum, a partial lump sum, or a series of monthly installment payments over sixty (60), one hundred twenty (120), or one hundred eighty (180) months, as elected by the participant. When a participant who elected to begin withdrawals under subsection (a)(2) terminates service, any amount remaining in the participant's employee contribution account and employer contribution account in the defined contribution fund shall be paid in any of the forms described in subsection (b), as elected by the participant.

(d) The forms of annuity and installments shall be established by the PERF board by rule, in consultation with the system's actuary. The PERF board shall give participants information on these forms of payments and the effects of various dates of withdrawal.

SECTION 4. IC 2-3.5-5-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 7. (a) This section applies to a participant who dies while a member of the general assembly, or who dies after terminating service as a member of the general assembly and prior to withdrawing the participant's account from the defined contribution fund. The participant's employee contribution account and the participant's employer contribution account shall be paid to a beneficiary or the beneficiaries designated on a form prescribed by the board. The amount paid shall be the fair market value of the participant's accounts on the last day of the quarter preceding the date of payment, plus employee contributions deducted and employer contributions made since the last day of the quarter preceding the date of payment, **and minus any withdrawals made by the participant, if the participant elected to begin withdrawals under section 6(a)(2) of this chapter while in service as a member of the general assembly.** If there is no properly designated beneficiary, or if no beneficiary survives the participant, the participant's accounts shall be paid to:

(1) the surviving spouse of the participant;

(2) if there is no surviving spouse, a surviving dependent or the surviving dependents of the participant; or

(3) if there is no surviving spouse and no surviving dependent, the estate of the participant.

(b) Amounts payable under this section shall be paid in a lump sum, a partial lump sum, a monthly annuity as purchased by the PERF board with the remaining amount, or a series of monthly installment payments over sixty (60) months, as elected by the recipient. The forms of annuity and installments available shall be established by the PERF board by rule, in consultation with the system's actuary.